

## Corporate responsibilities

Savills has a firm commitment to meeting its responsibilities to stakeholders. Satisfying these commitments is fundamental to the long-term success of our business.

### Key highlights in 2009

- People – rolled out the Savills Values globally formalising our pride in our commitment to ethical, professional, responsible conduct and reinforcing the behaviours we expect from our people.
- Clients – extension of ISO 9001:2000 (Quality Management) accreditation across further of our UK locations.
- Environment – decided to become a full participating member of the UK Green Building Council, as have our businesses in Hong Kong and Australia.
- continued our programme of environmental initiatives to secure significant reductions in energy consumption, paper usage and travel.
- Community – ongoing fundraising and awareness for our two main UK charities.
- Savills Guardian in Hong Kong was awarded the ‘5 Years Plus Caring Company Logo’ this year in recognition of its sustainable commitment to good corporate citizenship.

The challenging markets we experienced during 2009 continue to emphasise how dependent our continued success is on our reputation, brand and strength of relationship with our internal and external stakeholders.

In 2007 we identified the benefit of improved corporate responsibility as including: being better positioned to retain and recruit the best people by meeting the expectations and values of current and future staff; being able to retain and attract clients by listening to their changing needs and developing new and innovative services; supporting and enhancing the Savills brand globally through promoting ethical and responsible attitudes.

These benefits remain as valid today as they did when they were identified in 2007 and reflecting this we have made significant progress in embedding corporate responsibility in to our day to day operations.

We continue to be a member of FTSE4Good, which measures the performance of companies that meet globally recognised corporate responsibility standards. Our inclusion further highlights our commitment to long-term corporate responsibility.

### Our stewardship of corporate responsibility

We have defined corporate responsibility (CR) as our commitment to the positive impact that our business, through our people, can make on the stakeholders and communities with whom we interface. The management of our CR programme has further evolved through 2009, with objectives being selected following analysis of the appropriate stakeholder needs and programmes being developed to support the achievement of our goals.

The Board as a whole is responsible for setting our CR strategy. The GEB is responsible for delivering it on a day to day basis. The GEB is also responsible for ensuring compliance with our corporate values and standards. The framework for delivering our CR objectives is developed by a CR Working Group which is chaired by the Group Chief Executive and comprises senior representatives from a range of business lines and central functions. In this role, the CR Working Group is responsible for co-ordinating activity to deliver our agreed goals and for monitoring Group-wide progress and performance. Operational forums, reporting to the Working Group, are established to develop and deliver initiatives at business level in the four critical areas of CR, namely People, Clients, Environment and Community.

Having during 2008 substantially updated our Group Policy Framework, which defines the core financial, operational and compliance standards by which we operate, to ensure that these standards were clearly articulated, our focus in 2009 was on ensuring that these standards were understood by Savills people worldwide and that they were consistently applied.

We demand the highest professional standards from all of our people all of the time and have a zero tolerance to breaches. However, given the breadth of activities and the number of people we employ there may be occasions when we do not meet the high standards we aspire to. Where we fail to reach these high standards, we treat any breach with the utmost seriousness.

We continue to include the consideration of CR related issues in our Key Risk Registers ensuring that we can readily identify emerging issues and respond to these on a timely basis (see pages 24 and 25 for details of our Risks and uncertainties).

## People

Our vision to be the real estate advisor of choice in our selected markets and deliver superior financial performance can only be achieved through the dedication, commitment and excellence of our people.

Our people strategy remains focused on supporting delivery of the highest standards of client service through motivated and engaged people. We believe that a positive culture is essential to high quality client service. This positive culture is encapsulated in our values, which are reflected in all our practices and procedures. Our reputation has been built on our people and we believe that employees whose behaviours reflect our values deliver the excellent client service that we strive to provide. The four values are:

### Pride in everything we do

We:

- take great pride in delivering services of the highest quality;
- always go 'the extra mile' to meet our clients' objectives; and
- seek to employ only the best people.

### Always act with integrity

We:

- behave responsibly;
- act with honesty and respect for other people; and
- adhere to the highest standards of professional ethics.

### Take an entrepreneurial approach to business

We:

- seek out new markets and opportunities for clients, and take a creative and entrepreneurial approach to delivering value;
- are forward thinking, and always aim to build long-term client relationships;
- aim to be a leader in every market we enter, and commit ourselves with passion, energy and expertise; and
- approach problems with a proactive, practical attitude, delivering robust solutions.

### Help our people fulfil their true potential

We:

- encourage an open and supportive company culture in which every individual is respected;
- help our people to excel through appropriate training and development;
- share success, and reward achievement; and
- recognise that our people's diverse strengths combined with good teamwork produces the best results.

We continue to work to be an employer of choice and to provide an environment in which our people can flourish and succeed. We support the International Labour Organisations Core Principles. We engage with our people to communicate our vision and strategy through well established internal channels. Most of our businesses have an intranet through which key issues are communicated, while all major corporate announcements are communicated across the Group as they are released externally, along with a senior management briefing to allow full details to be cascaded through the businesses. All employees receive a six monthly Group Chief Executive's newsletter that covers the latest financial information, news and events from around the Group in depth, including safety, health and environment topics and matters of general employee interest. Individual businesses use a variety of methods to communicate, including regular face to face briefings led by senior management, which also provide us with a mechanism for receiving employee feedback.

To enhance operational efficiency and allow us to deliver a high quality service to our employees, we progressed the implementation of a new HR and Payroll System. This is now live in our UK business and we aim to progressively implement the HR system across our European businesses from 2010.

## Corporate responsibilities continued

Globally we continue to invest in training and during the year piloted the new Savills leadership programme. This is fundamental to our talent management and development strategy, and supports the development of high potential individuals so that they are equipped to become the next generation of leaders in the Group. Its core elements include strategic leadership training, provided by external as well as internal mentors, and exposure to business and sector leaders.

We also continue to focus on attracting and recruiting the best graduates. We are delighted that the Savills graduate programme continues to be recognised for its unique blend of working, training and building skills, having been named 'Graduate Employer of Choice' at The Times Graduate Recruitment Awards for the fourth year running and receiving the 'TARGET jobs Award' for graduate recruiter of the year in property during 2009.

### Health and safety

We actively promote a safety culture and are strongly committed to key improvements in health and safety. To this end we refreshed our safety strategy and plan in 2008, focusing on priorities such as reducing significant occupational exposure to workplace hazards and maintaining regulatory compliance of health and safety.

During 2009 we continued to focus on hazard awareness and the identification of key risk areas. Through the appointment of health and safety 'champions' within each of our businesses we identified specific key risks, which has allowed us to better target our risk management initiatives. We also redefined the UK standard for health and safety. This now specifies minimum requirements designed to prevent harm to the health of employees, contractors and the public. We now have in place systems, processes and metrics for reporting personal and process safety performance that support internal performance management, promote learning and enable public reporting.

Our health and safety framework meets the requirements of HSG65 and we have implemented more rigorous standards during 2009. During the year we also commenced a new training programme, first at leadership level then cascading throughout the business addressing the fundamentals of hazard awareness including asbestos, driving safely and working at height.

To further enhance the management of health and safety risks across the Group, we began the systematic reporting of recordable occupational accidents to executive-level management.

Having redefined our UK standard for health and safety in 2009, we aim to progressively roll out the key principles of these new standards across our businesses from 2010.

### Clients

We aim to be the advisor of choice in all our global markets and take pride in the quality of service that we provide to our clients. To achieve this, our people have to deliver the highest standards of client care. Supporting this commitment and to provide independent endorsement of the efficiency of the service we deliver for our clients, we continue to work towards accreditation under ISO 9001:2000 (Quality Management) across our office network. This accreditation also makes us more competitive when tendering for work, particularly when bidding for public sector contracts. At the end of 2009, 49 UK locations were ISO 9001:2000 accredited, up from 10 at the end of 2007 when our drive to extend our accreditation commenced (2008: 43 locations).

We measure the standards we achieve by seeking regular feedback from our clients. This is augmented by independent market research, such as the Acritas 2009 review of property advisors, which along with other measures, provides a rating combining brand recognition and client service levels. In this survey, which was based on research in November and December 2009, Savills was the most highly rated agent overall. Whilst this was an encouraging result, we recognise the need to maintain our focus on improving our client service, particularly given that property advisors were significantly less well rated than professional services firms in other sectors, such as accountancy and law.

The global economic conditions in 2009 became more challenging for all involved in the property markets resulting in clients being more demanding in the selection of their advisors. The challenges to deliver positive property returns and liquidity have been exacerbated over the same period by uncertainty in many markets and legislative changes affecting taxation and design/construction in the built environment. Our reputation for providing innovative solutions maintains our competitive advantage in these challenging markets.

Governments and public opinion are also generating momentum for the green agenda, increasingly influencing how we design, construct and use buildings. To stay informed and influence this debate, Savills will become a full participating member of the UK Green Building Council, which is a member of the World Green Building Federation. The UK Green Building

Council brings together architects, engineers, investors, product manufacturers, developers, contractors, occupiers and surveyors – indeed anyone involved in designing, constructing, maintaining and operating buildings – allowing them to pool their expertise and to contribute to and promote new initiatives which improve the efficiency and sustainability in the built environment. Our businesses in Australia and Hong Kong are already members of equivalent organisations which operate under the World Green Building Federation grouping. We believe that it is important to contribute to the sustainability debate at a policy level, and we can also provide client specific advice in this area through the energy and environment business team, which provides a range of specialist sustainability consultancy services to clients in this challenging and evolving area.

### Environment

The direct impact of our operations on the environment is low compared to many other industries. The most significant contribution we can make is through providing quality advice to our clients, incorporating the principles of sustainability wherever appropriate. However, we also recognise the value of reducing the direct impact of our activities on the environment to as low a level as is reasonably practicable. By seeking to reduce our environmental impact we are able to achieve increased operational efficiencies and savings. It also improves our attractiveness as an employer of choice.

Our Group Environmental Policy is based on these principles which are implemented via our operating companies through both their services and day to day actions. As an example of our focus on minimising our direct impact, we have adopted an ongoing programme of office-based environmental initiatives which include reduced printed paper wastage, sourcing recycled or sustainable paper products, powering down idle desktop equipment and encouraging recycling initiatives. We are also increasingly using the internet for the dissemination of marketing materials and brochures to reduce paper usage and encouraging the use of online and telephone conferencing to reduce travel.

Our cross-company UK 'Green Group' co-ordinates our internal actions and communicates the results and good practice to our staff. Building on the progress made during 2008, more than 75% of our UK locations now have their energy needs satisfied by one supplier. A key selection criterion is the use of renewable energy resources to reduce further our environmental impact.

As part of our drive to control our environmental impact and to act as a hallmark of quality for our clients we have continued to encourage our offices to adopt BS EN ISO 14001:2004 (Environmental Management). This is designed to achieve sound environmental performance by using a proactive range of practical office management measures acknowledging our aim of carbon reduction. For the second year we have also carried out a greenhouse gas emissions assessment of our three main London offices. Linked to this was our participation in the 2009 Carbon Disclosure Project.

In Asia Pacific, 34 properties managed by Savills Guardian were awarded a total of 38 awards, including 4 Gold Awards, by the Environmental Protection Department for Savills performance in protecting the environment via promotion of waste separation facilities for residents. The Savills Guardian team also encourages sites it manages to apply for the Energy Efficiency Projects Programme; since the programme was launched in April 2009, 60 Savills-managed sites have applied and been accredited under the carbon emission reduction subsidisation scheme. During 2009, the Hong Kong based Property Management team also encouraged residents to recycle more than 130 tonnes of measurable materials through the effective implementation of waste management in housing management and many of its managed properties continue to participate in the Hong Kong Government's Building Energy Efficiency Funding Schemes. The Property Management team in Hong Kong also received a number of awards and certifications, including ISO 14001 (energy efficiency, waste reduction, indoor air quality and water quality), during 2009 in recognition of its commitment to improving environmental performance.

### UK Environmental Reporting 2008/09: GHG Emissions<sup>1</sup>

	2008		2009		Change (%)
	Unit	t/CO <sub>2</sub> e	Unit	t/CO <sub>2</sub> e	
Business mileage	7,161	2,334.6	6,177	2,013.8	-13.7
Electricity usage	2,163.2	1,177.2	1,908.4	1,038.5	-11.8

<sup>1</sup> Calculated using DEFRA/DECC 2009 Guidelines for Company Reporting.

## Corporate responsibilities continued

### Community

Globally, we have continued to support local initiatives and charitable causes throughout what has been described as one of the most difficult economic periods in modern times.

These challenging conditions galvanised our people into more action – directly raising money and awareness for various causes or through events in support of our two main UK corporate charities, Honeypot and LandAid. At the beginning of the year we supported the 'Black & White, with a Splash' ball organised by Honeypot that raised over £300,000 from the combined sponsors on the evening. The undoubted highlight of our relationship with Honeypot was the hugely successful 'Positive Property Cycle Ride'. Over 100 intrepid Savills employees, family and friends took part in a 62 mile cycle ride from our UK Head office in Berkeley Square, London to our office in Oxford. It is our intention to make this an annual event. We have managed to enrol the support of one of our trade magazines Property Week which, in assisting in promoting the event through its website, will help make this event a 'must' in the property calendar. During the year Savills UK graduates continued to support ICAN, a charity assisting children with speech, language and communication needs by carrying out projects at the Meath School in Surrey.

We also became a Foundation Partner with our other corporate charity LandAid. The scheme allows key property industry organisations to become proactively involved in LandAid's work. It provides an effective mechanism for corporate partners to:

- demonstrate their active support for LandAid's work as the property industry charity;
- contribute collectively to maximise the industry's overall charitable impact through LandAid; and
- unite with an influential peer group to help shape LandAid's future direction and growth.

We also sponsored the LandAid team entry in the Mazda London Triathlon.

Savills Guardian in Hong Kong was awarded the '5 Years Plus Caring Company Logo' during 2009 in recognition of its sustainable commitment to good corporate citizenship. Asia Pacific fundraising highlights included around 100 employees from Savills Vietnam joining the Terry Fox Run 2009 in Ho Chi Minh City, organised by the Canadian Chamber, to raise money for cancer patients.

### Future plans

Whilst we have made significant further progress during 2009, building on the work done in 2007 and 2008, we remain committed to continuous improvement in this area. During 2010 and subsequent years we will seek to further develop our CR approach, focusing on those activities where we are best placed to make a significant contribution.



### Case study: Retrofit of chilled water plant of Ming An Plaza

Phase I and Phase II of Ming An Plaza was completed in 1991 and 1997 respectively. Having managed this property for some years, Savills Property Management Hong Kong was looking to continue to upgrade the property values of the building and provide the best services to their valuable clients.

The HKSAR Government launched an Energy Efficiency Projects Programme (EEP) in 2009 which encourages existing building owners to carry out improvement works to upgrade the energy efficiency performance of building services installations for communal use. To show our support towards Government policy and our commitment to a sustainable improvement in environmental conservation, we have carried out a retrofit project for the Chilled Water Plant for both Ming An Plaza Phase I and II.

The Project commenced in July 2009 and will be completed in August 2010. The existing air-cooled system will be replaced by a new water-cooled system. The merits of the new system as compared with the air-cooled system are:

#### Plant capacity

→ The capacity will be increased from 996 Tonnage Refrigeration capacity of the chiller (TR) plus a standby of 105 TR to 1,012 TR.

#### Energy efficiency

→ Higher than 50% compared with the air-cooled system.

#### Expenditure in electricity charges

→ Can achieve a saving of 40% in power consumption which saves HK\$950,000 per year.

#### Expenditure in water charges

→ Around HK\$70,000 per year will be incurred such amount will be offset by the savings from electricity charges. Around 13% of water consumed will be reused for flushing purposes.

#### Maintenance cost

→ The condenser of the air-cooled system needs to be replaced every 10 years and additional maintenance at HK\$80,000 per year will be incurred.

#### Life cycle

→ The water-cooled system can last for 30–40 years compared with only 15–20 years for the air-cooled system.